



June 20, 2019

Federal Election Commission
Lisa J. Stevenson, Acting General Counsel
Office of the General Counsel
1050 First Street, NE
Washington, DC 20463

RE: Additional Facts Relevant to MUR #7442

Dear Ms. Stevenson:

The Campaign Legal Center (“CLC”) writes to supplement our July 25, 2018 complaint (assigned MUR #7442) against Global Energy Producers, LLC (“GEP”), Igor Fruman, Lev Parnas, and any person(s) who created, operated, and/or made contributions to or in the name of GEP (John Doe, Jane Doe, and other persons), and to add two additional respondents: America First Action, Inc. (I.D.: C00637512), and Aaron Investments I, LLC.

CLC’s original complaint detailed available facts establishing reason to believe that Fruman, Parnas, and any other person(s) who created, operated, and/or contributed to GEP violated 52 U.S.C. § 30122 by making a \$325,000 contribution to America First Action, a pro-Trump super PAC, in the name of another person, namely GEP, and that GEP violated 52 U.S.C. § 30122 by knowingly permitting its name to be used for the making of such contribution.

As detailed in CLC’s original complaint, GEP was formed on April 11, 2018, and according to America First Action’s reports filed with the Federal Election Commission, made a \$325,000 contribution just weeks later, on May 17, 2018. Available records provide no indication that GEP had accrued sufficient assets, investment earnings, business revenues, or bona fide capital investments to make the contribution without an infusion of funds provided to it for that purpose. Indeed,

GEP only began taking bids to design a low-cost website *after* it made the \$325,000 contribution, and still does not appear to have published the website.

Newly available records, made public through a civil action against Mr. Parnas in the U.S. District Court for the Southern District of Florida, establish that GEP was not, in fact, the source of the \$325,000 contribution, and raise further questions about the true source of the funds. These records additionally establish that America First Action knowingly accepted a contribution in the name of another, violated its reporting obligations, and filed a falsified report with the Commission.

According to these records, on May 15, 2018, a real estate attorney—who specializes in navigating rules for foreign buyers using shell companies to launder money through U.S. real estate—transferred \$1.26 million from a client trust account to an LLC managed by Mr. Parnas and his wife. Two days later, that LLC contributed \$325,000 to America First Action via a wire transfer. America First Action then falsely attributed that contribution to “Global Energy Producers, LLC” on its report filed with the Commission.

Specifically, wire transfer records show that on May 17, 2018, an entity managed by Mr. Parnas and his wife called Aaron Investments I, LLC, at the address 21842 Cypress Palm Ct. in Boca Raton, Florida, transferred \$325,000 to America First Action.¹

¹ Exhibit A at 7 (showing a \$325,000 wire transfer dated May 17, 2018 from Aaron Investments I, LLC to America First Action, Inc.). Florida corporation records show Lev and Svetlana Parnas listed as the sole individuals currently associated with Aaron Investments I, LLC, which registered on May 18, 2015. *Detail by Entity Name: Aaron Investments I, LLC*, Florida Division of Corporations, <http://search.sunbiz.org/Inquiry/CorporationSearch/SearchResultDetail?inquirytype=EntityName&irectionType=Initial&searchNameOrder=AARONINVESTMENTSI%20L150000877200&aggregateId=flal-115000087720-9a128e98-8da2-4e6b-9a8b-a91ca8b6ebf5&searchTerm=aaron%20investments&listNameOrder=AARONINVESTMENTS%20L070000369710> (last visited June 18, 2019). Specifically, Lev Parnas is designated a “manager” and an “authorized representative,” and Svetlana Parnas is designated the “registered agent,” an “authorized person,” and an “authorized member” for Aaron Investments I, LLC. *Id.*; see also *Division FAQs*, Florida Division of Corporations, <https://dos.myflorida.com/sunbiz/about-us/faqs/> (last visited June 19, 2019) (explaining, in the answers to question 9 and 29, that an LLC’s “manager . . . perform[s] the management function on behalf of the company,” that an authorized representative can “execute and file records with the Division of Corporations,” and that a “registered agent” “accept[s] service of process on behalf of a business entity”). Under Florida law, “A person may become a member without acquiring a transferable interest and without making or being obligated to make a contribution to the limited liability company,” FL ST § 605.0401, and “[a] member or manager is not personally liable, directly or indirectly, by way of contribution or otherwise, for a debt, obligation, or other liability of the company solely by reason of being or acting as a member or manager.” FL ST § 605.0304.

America First Action did not disclose receiving \$325,000 from Aaron Investments I, LLC on its July quarterly report, nor has it ever reported a contribution from this entity.² Instead, America First Action reported that the source of the \$325,000 contribution dated May 17, 2018 was GEP, from the address, “7670 La Cornich[e] Circle,” in Boca Raton, Florida.³

Notably, although the Aaron Investments I, LLC wire transfer included the notation “Global Energy Producers LLC,”⁴ the transfer record did not include the address that ultimately appeared in the contribution entry on America First Action’s July quarterly report, which suggests that America First Action had additional correspondence with Mr. Parnas or others about how to falsely attribute this contribution to GEP.

Given this evidence, GEP clearly was not the source of the \$325,000 contribution, much less the true source of the underlying funds. Other wire transfer records suggest that Aaron Investments I, LLC was not the true source of the contribution, either.

Two days before making the contribution to America First Action, Aaron Investments I, LLC received a \$1,260,329.80 wire transfer from a Miami real estate attorney named Russell S. Jacobs.⁵

Available records suggest that Aaron Investments I, LLC did not have sufficient assets to make the \$325,000 contribution until receiving the funds transferred by Mr. Jacobs. In the year prior to Mr. Jacobs’ transfer—between May 30, 2017 and May 15, 2018—Aaron Investments I, LLC received only \$56,800 in incoming wire transfers.⁶ Nor does there appear to be public evidence that would suggest Aaron Investments I, LLC conducted sufficient business activity to fund a \$325,000 contribution: It appears to have neither a website nor a presence on social media, it is not registered with the Better Business Bureau,⁷ it does not appear in Securities

² America First Action, Inc., Receipts from “Aaron Investments,” 2017-18, FEC.GOV, https://www.fec.gov/data/receipts/?two_year_transaction_period=2018&data_type=processed&committee_id=C00637512&contributor_name=aaron+investments&min_date=01%2F01%2F2017&max_date=12%2F31%2F2018 (last visited June 18, 2019) (showing no reported contributions from Aaron Investments); *see also* America First Action, Inc., Receipts from “Aaron Investments,” 2019-20, FEC.GOV, https://www.fec.gov/data/receipts/?two_year_transaction_period=2020&data_type=processed&committee_id=C00637512&contributor_name=aaron+investments&min_date=01%2F01%2F2019&max_date=12%2F31%2F2020 (last visited June 18, 2019) (also showing no reported contributions from Aaron Investments).

³ America First Action, Inc., 2018 July Quarterly, FEC Form 3X, at 15 (filed July 15, 2018), <http://docquery.fec.gov/pdf/113/201807159115673113/201807159115673113.pdf>.

⁴ *See* Exhibit A at 7.

⁵ Exhibit B at 6.

⁶ *Id.*

⁷ *See* Search results for “Aaron Investments near Boca Raton, FL,” BETTER BUSINESS BUREAU, https://www.bbb.org/search?find_country=USA&find_latlng=26.369124%2C-

and Exchange Commission records,⁸ and it does not otherwise show any discernible form of a public presence.

Wire transfer records suggest at least one further layer to this long chain of shell transfers: Mr. Jacobs' wire transfer was described as coming from "Russell S. Jacobs P.A. IOTA account[t]."⁹ An IOTA, or an "interest on trust account," is a form of a client trust account in which an attorney maintains "nominal or short-term funds" from "a client or third person."¹⁰ As the Ethics Department of the Florida Bar explains, an IOTA account is subject to strict restrictions on any comingling of the funds of the attorney himself, who is allowed only to "maintain funds belonging to the lawyer in the trust account in an amount no more than is reasonably sufficient to pay bank charges relating to the trust account."¹¹ Therefore, it appears that the \$1.26 million transfer from the "Russell S. Jacobs P.A. IOTA account[t]" originated from a source other than Mr. Jacobs himself—namely, a client or other third party associated with Mr. Jacobs.

Little information about Mr. Jacobs' clients is publicly available. Mr. Jacobs' practice appears to include working with foreign real estate buyers and advising realtors on how to avoid federal requirements aimed at disclosure of foreign buyers who use shell companies to launder money through U.S. real estate.¹²

[80.146505&find_loc=Boca%20Raton%2C%20FL&find_text=aaron%20investments&page=1](https://www.secdatabase.com/SEC- Filings/80.146505&find_loc=Boca%20Raton%2C%20FL&find_text=aaron%20investments&page=1) (last visited June 18, 2019).

⁸ See Search results for "Aaron Investments," EDGAR Company Filings, SECURITIES AND EXCHANGE COMM'N, <https://www.sec.gov/edgar/searchedgar/companysearch.html> (last visited June 18, 2019).

⁹ Exhibit B at 6.

¹⁰ Ethics Department of the Florida Bar, *Commonly Asked Questions About Trust Accounts*, THE FLORIDA BAR NEWS (Sept. 1, 2010), <https://www.floridabar.org/the-florida-bar-news/commonly-asked-questions-about-trust-accounts/>; see generally 2018 Florida Court Order 0006 (C.O. 0006); Carole J. Buckner, IOLTAs and Client Trust Accounts, American Bar Association (Apr. 3, 2019), https://www.americanbar.org/groups/gpsolo/publications/gp_solo/2011/july_august/ioltas_client_trust_accounts/

(explaining, "As a general rule, client trust accounts hold client funds or property. Whenever a lawyer holds client funds, the lawyer is acting as a fiduciary with regard to those funds.").

¹¹ *Id.*

¹² Sean Stewart-Muniz, *Does the new FinCEN regulation affect you?*, THE REAL DEAL (Mar. 2, 2016), <https://therealdeal.com/miami/2016/03/02/want-to-get-around-the-fincen-rules-theres-a-class-for-that/> (reporting on a seminar Jacobs organized titled "Avoid the Treasury Trap with Foreign Buyers" on FinCEN rules that "require title insurance companies to disclose the names of buyers behind anonymous companies that pay cash for \$1 million-and-up homes in Miami, and \$3 million-and-up in Manhattan for the next six months. It's an effort by the federal government to better curtail money laundering through high-end U.S. real estate in both markets."); see also Beckie Strum, *Miami, New York Log Highest Rates of Suspicious Luxury Real Estate Buys*, MANSION GLOBAL (May 19, 2017), <https://www.mansionglobal.com/articles/miami-new-york-log-highest-rates-of-suspicious-luxury-real-estate-buys-63251> (reporting on the success of the FinCEN rules in rooting out foreign money laundered through real estate, but noting that "Miami real estate attorney Russell Jacobs said he doesn't support the government collecting data on perfectly legal homebuyers who

Taken together, the available evidence suggests an elaborate series of deliberate transfers whose precise starting point is still unknown: An unidentified client established an attorney trust account with Mr. Jacobs, who then made a \$1.26 million transfer from that account to the apparently asset-poor Aaron Investments I, LLC, which two days later contributed \$325,000 to America First Action, which in turn ultimately—and falsely—attributed that contribution to “Global Energy Producers, LLC.”

These facts provide reason to believe that Aaron Investments I, LLC violated 52 U.S.C. § 30122 by “[m]aking a contribution of money . . . and attributing as the source of the money . . . another person [*i.e.*, GEP] when in fact [Aaron Investments I, LLC, or the persons who directly or indirectly contributed to it was] the source.” 11 C.F.R. § 110.4(b)(2)(ii).

These facts additionally provide reason to believe that Igor Fruman, Lev Parnas, and any other persons who directly or indirectly contributed to Aaron Investments I, LLC, including via Jacobs’ client trust account, may have violated 52 U.S.C. § 30122 by “[m]aking a contribution of money . . . and attributing as the source of the money . . . another person [namely, GEP] when in fact [Aaron Investments I, LLC, or the persons who directly or indirectly contributed to it was] the source.” 11 C.F.R. § 110.4(b)(2)(ii).

These facts also provide reason to believe that America First Action violated 52 U.S.C. § 30122 by “knowingly accept[ing] a contribution made by one person [namely, Aaron Investments I, LLC] in the name of another person [GEP].” 11 C.F.R. § 110.4(b)(1)(iv). Although it is unclear whether America First Action was aware of the original source of the \$325,000 contribution at the time it received it, the attached records demonstrate that the super PAC accepted a contribution made via wire transfer from Aaron Investments I, LLC, and knowingly—and falsely—attributed the contribution to another person, GEP, apparently following further conversations with Mr. Parnas or others about which address to use on its report.

Finally, America First Action’s false reports provide reason to believe that the super PAC violated FECA’s reporting requirements by failing to accurately disclose the identity and address of a contributor over \$200, 52 U.S.C. § 30104(b)(3)(A), 11 C.F.R. § 104.3(a)(4)(i), and violated its obligation to file complete and accurate reports with the Commission, 52 U.S.C. § 30104, 11 C.F.R. § 104.14(d).

want the privacy a shell company affords. Mr. Jacobs has even conducted seminars with real estate professionals on how to structure deals to avoid the disclosure.”).

Respectfully submitted,

Campaign Legal Center, by

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June 20, 2019

VERIFICATION

The complainants listed below hereby verify that the statements made in the attached Complaint are, upon their information and belief, true.

Sworn pursuant to 18 U.S.C. § 1001.

For Complainant Margaret Christ

Margaret Christ

Sworn to and subscribed before me this ____ day of June 2019.

Notary Public

For Complainant Campaign Legal Center

Brendan M. Fischer

Sworn to and subscribed before me this ____ day of June 2019.

Notary Public